

August 30, 2010

Relative to your request for comments, please accept the following:

I worked in the Securities Industry for over 30 years. Starting as a clerk in a trading department with a small regional firm and finishing as President of the last two firms I worked for, one a small regional firm the other a major Discount Stock Broker.

I left the industry in 1987 after relocating to a southern state and deciding that I didn't need the responsibility for Stock Brokers in the employment of the companies I was with (responsible for their failure to follow the rules and regulations of the business, let alone their failures to be totally ethical with their clients). It was difficult to always hire the people who would supervise these people properly, regardless where they were located in relation to the home office.

Since I have left the Industry, I spent 20 years in the Real Estate business with only myself to be responsible for.

I have always managed my investments myself, and after I left the Securities Industry, I relied on one Broker I had known for the 30 years I was in the business. The Broker I was depending on for recommendations had a stroke and left the business. The primary reason I used this one Broker was he was the only Broker I felt I could depend on to give my wife recommendations that would be proper for her and not just recommendations to generate commissions. That is a pretty sad statement considering all the Brokers I met in various capacities over those years. After this Broker had a stroke, I handled my investments by myself, requesting information when necessary and making my own decisions.

About two years ago, I felt in looking at the Investments my wife and I had, it would probably be best to use an Investment Advisor to better protect my wife of 57 years in the probable event I died or became incapacitated and could no longer manage our Investments.

I chose an Investment Advisor my Brother-in law had used for over 20 years and was very satisfied with.

The timing of this decision was very unfortunate considering what has happened to Investments in general.

The best thing I find with the Investment Advisor is at least an annual determination as to what our goals are. This firm is using strictly mutual funds investing in various types of securities both national and international. The only question I have with them now is they are introducing different approaches to the timing of Investment decisions and the use of strategies I have some problems with, that being hedging and shorting.

That is just background for my opinions as to what I feel should be done to better protect individuals with their Investments.

1. I believe all Brokerage Firms and Banks (who only had Trust Departments before they started buying out Stock Brokers and entered the business by the back door) should have a written and agreed to position relating to the goals of each Client Account.
2. I believe the SEC, Exchanges, State Regulators and Public Accounting Firms should have as part of their audits a review of the completing and filing of the agreements each client has with the firms.

3. I believe regulators should have the ability to determine if the Industry is attempting to meet the goals of the clients.

4. I feel the mutual fund industry should be watched closer and required to state what the goals of funds are other than diversity within at large grouping (like Large Capital etc.

5. Finally, I think oversight of the huge State and Private Pension funds should be investigated and regulated as closely as the Mutual Fund Industry.

Les Buchan